

‘Money Mules’: Exploited Victims or Collaborators in Organised Crime?

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Summary: In my role as a community-based Probation Officer, I have worked with service-users convicted under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. That experience was limited to cases involving fraud and deception charges in another jurisdiction, usually in the context of organised crime. In September 2020, I attended a national media event, which was a collaboration between An Garda Síochána (the Irish police force) and Irish financial institutions. The event aimed to highlight the dangers of falling prey to what is known as the ‘money mule’ system. Contributors highlighted the methods used to target young people whose potential vulnerabilities were manipulated to an extent that they were often, unwittingly, caught in the tentacles of international organised-crime groups. The descriptions of the sophisticated myriad grooming techniques used to lure recruits challenged the audience to reflect on more established notions of vulnerability and risk in relation to offending. The event also showcased a collaborative initiative between Europol and the police that provides for ongoing investigation into persons suspected of allowing their bank accounts to be used by organised-crime groups to withdraw and deposit money.¹ These groups are targeting young people, in particular, using them as money mules to launder their illicit gains.

The event was the catalyst that prompted me to explore and research what was to me a ‘new’ type of offending that required further examination. This practitioner article is based on my learning from that exploratory work, providing an overview of money laundering specifically in the context of ‘money mules’. The paper profiles those identified as money mules, how they are groomed and recruited, and the consequences for those who are recruited. It explores policy and practice against the backdrop of relevant legislation, and concludes with implications and learning for Probation practice.

Keywords: Money laundering, criminals, money mules, international organised crime, exploitation, victims, grooming.

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¹ This operation was part of the European Money Mule Action (EMMA) to combat the increase in the use of money mules across Europe.

Introduction

A 'money mule' is defined as a person who receives money, from a third party, in their bank account, and transfers it to another one, or takes it out in cash and gives it to someone else, obtaining a commission for doing so.²

On 21 September 2020, a media-awareness event was conducted by An Garda Síochána in collaboration with the Anti-Money Laundering Compliance Unit (AMLCU-Departments of Finance and Justice), and the Banking and Payments Federation of Ireland (BPFI). This event, attended by national and local media, launched the #DontBeaMule campaign in association with Europol and EU enforcement authorities, as the theme for 'National Fraud Awareness Week'. The week is promoted and managed by FraudSMART, which is a fraud-awareness initiative, developed by the European Banking Federation (EBF) in conjunction with the main banking institutions in Ireland. The #DontBeaMule campaign is a global campaign, highlighting and warning of the dangers and risks of becoming a money mule.

The media launch highlighted the dangers of becoming a money mule. It explained how the practice is integral to laundering the criminal proceeds of international organised-crime groups or syndicates. The Garda National Economic Crime Bureau (GNECB)³ publicised the European Money Mule Action (EMMA) operation spearheaded by Europol between November 2019 and September 2020 in 26 different countries. The operation identified over 4,000 money mule accounts and arrested 422 suspects.

The police arm of EMMA was titled 'Operation Ransom'. It was noted at the event that up until September 2020, 30 arrests had been made through ongoing international collaboration involving law enforcement agencies and banking and financial institutions.

Prior to 2019, I had not worked with any cases where the index offence was money laundering. In the past, as a Probation Officer based in the United Kingdom, I was aware that a number of service-users convicted of fraud/deception charges had been involved in money-laundering activity. This criminal activity was generally described as 'white-collar crime', involving members of professional occupations, including, for example, accountants and solicitors.

In working with these individuals in the UK and discussing the nature of their offending, it was clear from their presenting profiles and background that their motivation for offending was very different from that of the majority

² Europol.europa.eu

³ The GNECB is a specialist bureau that investigates fraud-related crime involving complex issues of criminal law or procedure.

of individuals on my caseload at that time. That experience, coupled with the information received through the #DontBeAMule campaign, ignited my interest in developing a better understanding of how this type of criminal activity had further evolved, and the role of the money mule as an essential cog in this illegal activity. Similarly, although I was familiar with collaborative state responses to criminal activities such as sex offending, domestic violence and juvenile offending, this area represented a first for me in terms of an increased understanding of the liaison and collaboration between the Departments of Finance and Justice, and central financial institutions.

Money-laundering legislation

In Ireland, those investigated as 'money mules' are charged with 'Money Laundering' under Section 7 of the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010.

The Act was the first legislation introduced in Ireland which dealt specifically with money-laundering offences. Amendments to this legislation followed in 2013 and 2018, which brought Irish legislation in line with the requirements of the third and fourth EU Money Laundering Directives, transposing them into Irish Law.⁴

Specifically, Section 7(1) stipulates:

- (a) a person commits an offence if a person engages in the following acts in relation to property that is the proceeds of criminal conduct:
 - (i) Concealing the true nature, source, location, disposition, movement or ownership of the property or any rights relating to the property;
 - (ii) Converting, transferring, handling, acquiring, possessing or using the property;
 - (iii) Removing the property from, or bringing the property into the state,
- (b) The person knows or believes (or is reckless as to whether or not) the property is the proceeds of criminal conduct.

In relation to sanctions for people convicted under this legislation, Section 7(3) stipulates that a person who commits an offence under this section is liable:

⁴ Irishstatutebook.ie, Office of Attorney General, and Citizens Information — Money Laundering.

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- (a) on summary conviction, to a fine not exceeding 5,000 euro or imprisonment for a term not exceeding twelve months (or both), or
 - (b) on conviction on indictment, to a fine or imprisonment for a term not exceeding 14 years (or both).

So, what is meant by money laundering, including that which relates to terrorist financing? Citizens Information⁵ describes money laundering as 'the processing of criminal proceeds (Cash and assets obtained from criminal activities) to disguise their illegal origin'. The objective of the process is to take money gained from criminal activity and make it appear to have come from a legitimate source. Money laundering is often referred to as 'smurfing', and a person who launders money as a 'Smurf'.

Three phases of money laundering can be identified:

1. Placement: This involves the placement of 'dirty money' into the legitimate financial system.
2. Layering: This is the concealing of the source of money through a series of transactions and or bookkeeping techniques/tricks.
3. Integration: This is when the now-laundered money is withdrawn from the legitimate account to be used for whatever purposes, separate from any connection to criminal activities.⁶

Terrorist financing

As defined by the Central Bank of Ireland:

The offence of terrorist financing involves the provision, collection or receipt of funds with the intent or knowledge that the funds will be used to carry out an act of terrorism or any act intended to cause death or serious bodily injury. It also includes collecting or receiving funds with the intention that they be used or knowing that they will be used for the benefit of a terrorist group. (Central Bank of Ireland)

Money laundering and terrorist financing are dealt with under the same 2010 legislation. Although there is evidence of collaboration between terrorist groups and non-terrorist criminal organisations, there are clear distinctions

⁵ The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on a broad range of public and social services.

⁶ These phases were identified by Investopedia, a financial website headquartered in New York City.

between the definitions of the two illegal activities. The Central Bank of Ireland states:

- For money laundering to occur, the funds involved must be the proceeds of criminal conduct.
- For terrorist financing to occur, the source of funds is irrelevant, i.e. the funds can be from a legitimate or illegitimate source.

The key therefore is not the origin of the funds but the intended use or destination of these funds.

A surmising of money laundering

Money Laundering is generally depicted as an activity firmly fixed in the elevated domain of large-scale organised crime. Little if any detailed or forensic attention is given to those whom it ensnares and exploits in the outer ripples of its operations, which could possibly include some current Probation service-users.

However, money laundering is often referenced in bestselling novels and portrayed in fictional dramatisations loosely based on real organised-crime groups. The *Godfather* trilogy is a well-established example. More recent fictional depictions include *Peaky Blinders* and two Netflix dramas, *Narcos* and particularly *Ozark*, where money laundering is given prominence in relation to high-level financiers operating in collaboration with Mexican drug cartels. We often seem to have a fascination — what could even be regarded as a macabre interest — with such depictions/dramatisations of organised crime and its apparent operations.

In terms of international organised crime, and examples of money laundering, it is much harder to ascertain how things currently operate, as organisations and their activities continually adapt their techniques in the attempt to outmanoeuvre law-enforcement agencies. Organised crime is, by its nature and self-interest, a secret hidden activity, and there is no better depiction of this than examples of the Italian Mafia groups, including the Camorra, Stidda and the 'Ndrangheta. On 13 January 2021, the national broadcaster reported on a trial commencing in Calabria, Italy, with more than 350 defendants and 1,000 witnesses involved in frauds and money-laundering activity associated with one clan of the 'Ndrangheta, valued in billions of euro. It is estimated that this trial will last twelve months. The defendants are

state and local politicians, police, bank managers, businesspeople, and accountants. The *Guardian* newspaper, reporting the trial on the same date, described the 'Ndrangheta as the world's richest and biggest-known international crime syndicate, with a 'colonial expansionist policy', and active in criminal activity across the globe (Tondo, 2021). Yet how many people have heard of them, or could even pronounce their name?

Money mules in Ireland: Who are they?

From my exploration, there would seem to be a dearth of literature or research in relation to money-mule activity and its integral role in the laundering of proceeds from criminal activity in Ireland and internationally. The term 'money mule' is not defined in current Irish legislation as such, and the term 'money muling' is not defined as a criminal activity.

The GNECB reports that this activity is on the increase and that money mules are an integral part of organised-crime groups. The proceeds of these crimes are transferred overseas to finance terrorist groups, human trafficking and the global trafficking of drugs. Tatiana Koffman (2020) describes money laundering as 'the tool that makes all other crimes possible' and argues that there is a lack of commitment by many major banks/financial institutions to investigate international suspicious transactions. According to the United Nations Office on Drugs and Crime (UNODC), 'the estimated amount of money laundered globally in one year is 2 to 5% of global GDP or 2 trillion in current US dollars.'

It seems clear that money laundering is dependent on the successful recruitment of money mules, who effectively serve as a shield against detection. It is reported that the more recent proliferation of money-mule activity has coincided with the rapid expansion of cryptocurrencies⁷ which, according to James Royal (2021), an author on the NerdWallet.com, continue to proliferate. CoinMarketCap.com on 5 July 2021 published the market details of 10,770 different cryptocurrencies.

As of March 2021, thousands of money-mule accounts have been identified, and it is reported that there are 700 individuals currently being investigated by the police in collaboration with Irish banking and financial institutions. The use of money mules was highlighted in a recent media

⁷ Cryptocurrency is a digital or virtual currency that is secured by cryptography, which makes it nearly impossible to counterfeit or double spend. A defining feature is that they are generally not issued by any central authority, rendering them theoretically immune to government intervention (Investopedia).

awareness campaign orchestrated by the GNECB, in collaboration with other financial bodies. This campaign has featured on an array of media outlets, including the majority of news media platforms, with features on television, radio and social media, and as an item on the national news station.⁸

Profile and recruitment of a money mule

Identity

Money mules in Ireland, convicted of money laundering, can in effect be anybody from any background or walk of life, and aged from as young as 14 upwards. On the basis of the information that I accessed, it is difficult to identify patterns amongst this group, but some distinct and sometimes recurring features emerge.

At the media launch in September 2020, it was reported that at that juncture there had been 30 arrests during 'Operation Ransom'. Of those arrested, 18 were males and 12 were females. The youngest was aged 15 and the oldest aged 38. The core age was 18–24. The average age range of those currently identified was 19–20 years. The vast majority were not known to the authorities and had no criminal convictions.

In 2018, the Banking and Payments Federation of Ireland (BPFI)⁹ identified more than 1,600 money-mule accounts connected to the main Irish retail banks. In March 2019, Gibney Communications on behalf of BPFI carried out a survey as part of an awareness and education campaign against fraud, using a nationally representative omnibus sample of 1,000 adults.

According to this survey, '43% of 18–24-year-olds are likely or very likely to lodge or transfer money for someone, using their own bank account in exchange for keeping some of the money themselves'. The survey also revealed that 14 per cent of 18–24-year-olds said that they or somebody they know has been approached to store money for a third party. With regard to transferring money, the survey cites 19 per cent of those aged 18–24 reporting that they or someone they know has been approached by a third party for their bank details to carry out a transaction.

Recruitment

Those who target potential money mules are known as 'recruiters' or 'herders'. Little is known about who these people are or exactly who or what criminal

⁸ *News at One*, RTÉ, 12 March 2021.

⁹ The BPFI is the main representative body for the banking and financial services sector in Ireland.

groups they represent. Recognised channels of recruitment include legitimate job advertisements, 'get rich quick' advertisements, dating scams promising romance, payment for online surveys, and contact by e-mail or social media. Direct approaches are also made in colleges and at music festivals.

A common denominator across recruitment techniques is the securing of bank details with the offer of a percentage of any money transferred. As referenced previously, the money mule is the 'shield', and the person most likely to be caught and face consequences. These approaches, in effect, are persuasive and targeted selling techniques, used with those already identified as vulnerable and likely to succumb to the proposition to become a mule. This vulnerability arises from a range of factors including financial difficulties, low self-esteem, loneliness, intellectual difficulties, isolation, and lack of family support. This process could be defined as 'grooming'.

The techniques used in recruiting money mules were evident in media reports in recent times. A case in *thejournal.ie*¹⁰ in December 2018 (MacNamee, 2018) described how a money mule was recruited via 'befriending' on Facebook. Having met the recruiter, she set up, as instructed, a number of accounts in different banks. She was given thousands of euro in cash to deposit in tranches to these accounts. When instructed, the money mule withdrew cash from ATMs and returned it in person to the recruiter. The money mule received a small percentage.

A further article in *thejournal.ie* (MacNamee, 2019) reported 'Freshers' at colleges being recruited as money mules. It also reported young women, particularly, being targeted by recruiters at music festivals across the country. Finally, the *Irish Examiner* (Kenny, 2020) referenced the 'coercion and physical violence' used by recruiters and the 'money mules being recruited or exploited via romance scams, get rich quick ads, money offered for surveys and through mediums like Snapchat'.

Consequences

When suspected of money laundering, a money mule can face significant consequences. In the first instance, their bank accounts could be frozen and closed and, as a target of any investigation, their home and that of their family are likely to be searched by the police.

If charged, a money mule will have to appear in court and, if aged 18 or over, could be subject to media exposure. If the case is proven, the money

¹⁰ Journal.ie is an Irish online publication.

mule faces conviction in the lower or upper court, and a possible prison sentence, with a sentencing tariff of up to 14 years' imprisonment. Those whose conviction is linked to 'terrorist financing' can be placed on the 'Terrorist Watch List'.¹¹

Living with a money-laundering conviction has similar consequences to living with other criminal convictions. However, there are specific potential consequences which particularly apply to a money-laundering conviction. There are problems opening a bank account, with many financial institutions blocking the opening of any new accounts for a six-year period. A person's credit rating can be seriously affected, with applications for acquiring loans, mortgages, etc. becoming problematic. A person convicted could have their employment opportunities limited and impacted upon through vetting procedures. Moreover, a person, can be subject to threats, violence or having their 'own' monies stolen by criminal elements.

A wider consequence of money mules laundering money is the financial assistance that organised criminal and terrorist groups are given to commit further crimes and finance terrorism. A consequence, therefore, is that a money mule's actions could significantly contribute to, and be responsible for, innocent people becoming victims of criminal activity and terrorism across international borders.

What implications for Probation practice?

Money laundering and money-mule activity represent a new potentially targeted category of offending and patterns of offending behaviour that have not previously been addressed by the Probation Service. Does the Irish Probation Service respond to this behaviour in terms of treating this offence type generically, or recognise it as an opportunity and a challenge to respond in a co-ordinated and informed manner? The dearth of available data and research indicates that the Probation Service needs to develop a knowledge base and invest in learning about the alleged proliferation of cybercrime and the laundering of money. As cases presenting to the Probation Service are likely to increase, it is important to stay abreast of developments as more data and knowledge becomes available. It will also be possible for the Probation Service to gather knowledge and understanding through our experience of clients referred to the Service for assessment and supervision. It is imperative for the Probation Service to reach out to those agencies who

¹¹ Terrorist Watch List — European Union is compiled by Europol in conjunction with the European Banking Federation and was initially set up in December 2011.

are investigating this offending behaviour but also to those services that will potentially engage with these clients.

The Irish Probation Service continues to update risk-assessments tools and offending programmes, and respective training for staff around specialised offender categories. New categories of offending emerge with the development of new legislation and changes in crime trends. Probation and other justice organisations have responded to the development of legislation in relation to working with Young Offenders (Children's Act 2001 — Young Persons Probation), Sex Offenders (Sex Offenders Act 2001 — Sex Offender Risk Assessment Management-SORAM, RM2000 and Stable Acute Assessment), Domestic Violence (Domestic Violence Act 2018, SARA Assessment).

In relation to clients convicted of money laundering, consideration should be given to how money mules are targeted, groomed and recruited. As referenced, the majority are targeted because they have no previous convictions, have good credit rating and because of other factors that allow them to fly under the criminal justice radar. These factors make them attractive targets for those recruiting money mules and those involved in the clandestine activity of laundering money. However, we need to challenge our notions of vulnerability and people's susceptibility to be ensnared by these recruiters. Although the majority of those being prosecuted are male, a disproportionate number of females are represented compared to other categories. I believe that existing risk-assessment tools cannot effectively capture the particular features and patterns of this offending behaviour and its impact on the lives of those caught up in its tentacles. In the absence of more specific screening tools, some adaptation/professional overrides would need to be applied to existing tools in order to achieve an adequate assessment of risk/need in these cases.

Money-mule activity and money laundering appear to be constantly evolving, facilitated in no small way by advances in technology, leading to the development of more sophisticated evasion strategies. In 2016, the Association for Criminal Research and Development (ACJRD)¹² chose 'Cybercrime' as the theme for its annual conference, a portent of what was to come. I recall speakers describing these crimes very simply as old crimes that are committed in new ways. Particular examples were child pornography, cyberstalking, hacking and malicious software. We are increasing our awareness and understanding of some of these areas, and it is likely that

¹² <https://www.acjrd.ie/>

money-mule activity, money laundering and other forms of white-collar crime will fall within our realm of practice. There is scope to explore learning opportunities with the Garda National Economic Crime Bureau and with financial institutions such as the Banking and Payments Federation of Ireland, and to look to our probation colleagues across Europe to share and exchange information. This could include the provision of information sessions/formal training, in collaboration with the agencies mentioned above, by the Learning and Development Unit.

Peer learning, based on shared on-the-job experiences and reflections from reading and research, is an important mechanism for professional development. The 'Journal Club'¹³ would provide an ideal learning forum to share experiences of these cases. That learning would not only assist people in assessment and report preparation but would also highlight the risks for existing service-users whose vulnerabilities could potentially lead to their recruitment and entrapment. This risk is all the greater in the case of adolescents and young adults.

There seems no question but that the vast majority of those convicted know that they are involved in illicit illegal activity, but one can only speculate as to their level of knowledge and understanding and as to how complicit their involvement is. The enforcement agencies investigating this behaviour struggle to infiltrate the inner core of these criminal/terrorist organisations in an attempt to trace the origins of money laundered and its future destinations. Are those convicted of laundering money as 'mules' aware that they are entwined in international organised criminal/terrorist activity? Are they aware of the 'colonial expansionist policy' of the 'Ndrangheta (Tondo, 2021)? Unlikely. Currently, for many of those caught and identified as money mules, it is accepted that sophisticated grooming and exploitation techniques have been applied in their recruitment.

Are those convicted of laundering money (money mules) exploited victims or collaborators in organised crime? From the knowledge I have accrued and from opinions sourced during my enquiries, I believe the answer to be both. There is generally an awareness with money mules that all is not 'kosher' with their behaviour, and they are, of course, recompensed for their endeavour. However, it is also clear that these people have been targeted as they are considered vulnerable to being groomed and exploited, particularly when recruited online. These young people have not otherwise come to the

¹³ The Journal Club in the Probation Service is an online peer-learning forum, facilitated by practitioners on a regular basis to discuss evidence-based practice across a range of subject areas.

attention of the criminal justice system. As with categories such as sexual offending and domestic violence, we need to challenge our perceptions of who is more vulnerable or more likely to become involved in money laundering and the machinations of organised crime. As highlighted, in the Calabrian city of Lamezia Terme, in an ongoing trial involving hundreds of defendants, those on trial for money laundering and other related serious offences represent every layer and class of society and were investigated and arrested in various European countries. More research and information-sharing are required if the Probation Service is to engage effectively with the complexities of this form of offending; understand its connectivity with past criminal activity and future criminality, including terrorist acts; and respond to the harm done to, and the needs of, the potential myriad victims left in its wake or in its path.

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